

FY2014 Consolidated Results and New Three-Year Plan

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Masahiko Uotani

Representative Director,
President & CEO
Shiseido Co., Ltd.

SHISEIDO



Results for FY2014

(Billion yen)	15/3 Result		14/3 Result		Difference from January Announce- ment	YoY Change	YoY Change %	Change in Local Currency
		% of Net Sales		% of Net Sales				
Net Sales	777.7	100%	762.0	100%	+2.7	+15.6	+2.1%	-2.0%
Domestic	365.6	47.0%	377.3	49.5%	+2.6	-11.7	-3.1%	-3.2%
Overseas	412.1	53.0%	384.8	50.5%	+0.1	+27.3	+7.1%	-0.9%
Operating Income	27.6	3.6%	49.6	6.5%	+2.6	-22.0	-44.4%	-47.2%
Ordinary Income	29.2	3.8%	51.4	6.7%	+3.2	-22.2	-43.1%	
Extraordinary Income/Loss (net)	19.8	2.5%	-1.0	-0.1%	+1.3	+20.8	-	
Net Income	33.7	4.3%	26.1	3.4%	+3.7	+7.5	+28.8%	
EBITDA	90.7	11.7%	91.3	12.0%	-	-0.6	-0.6%	

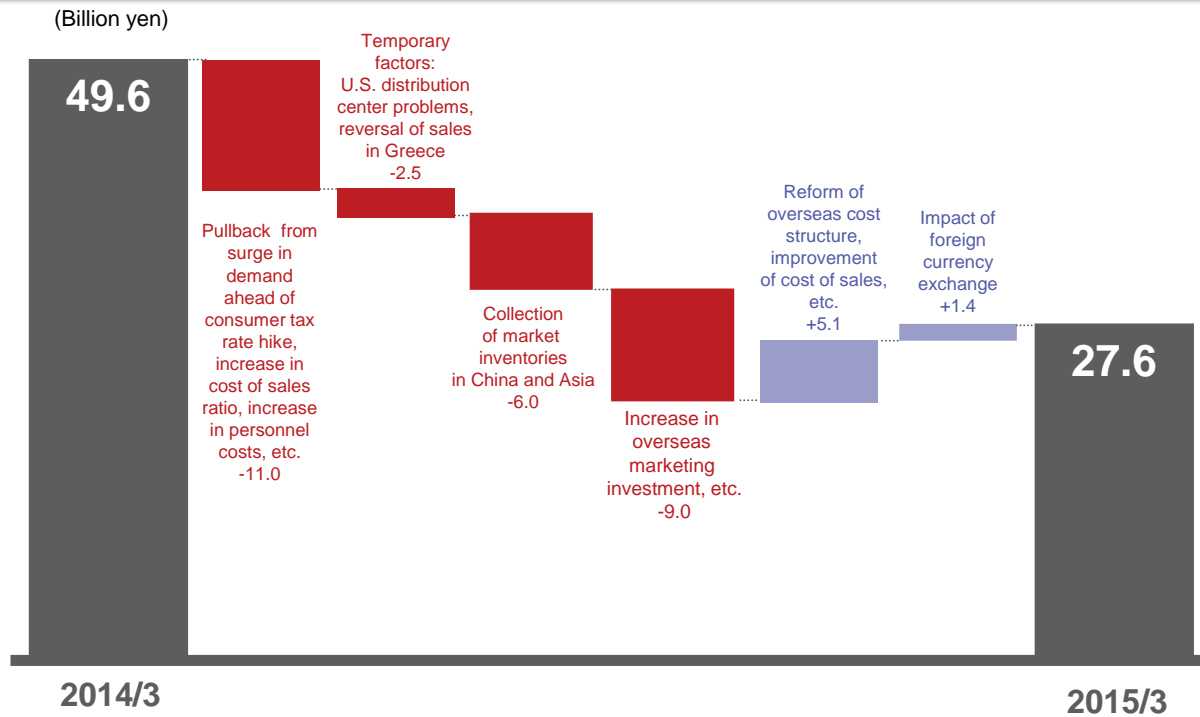
● ROE

9.4%

● Exchange Rates

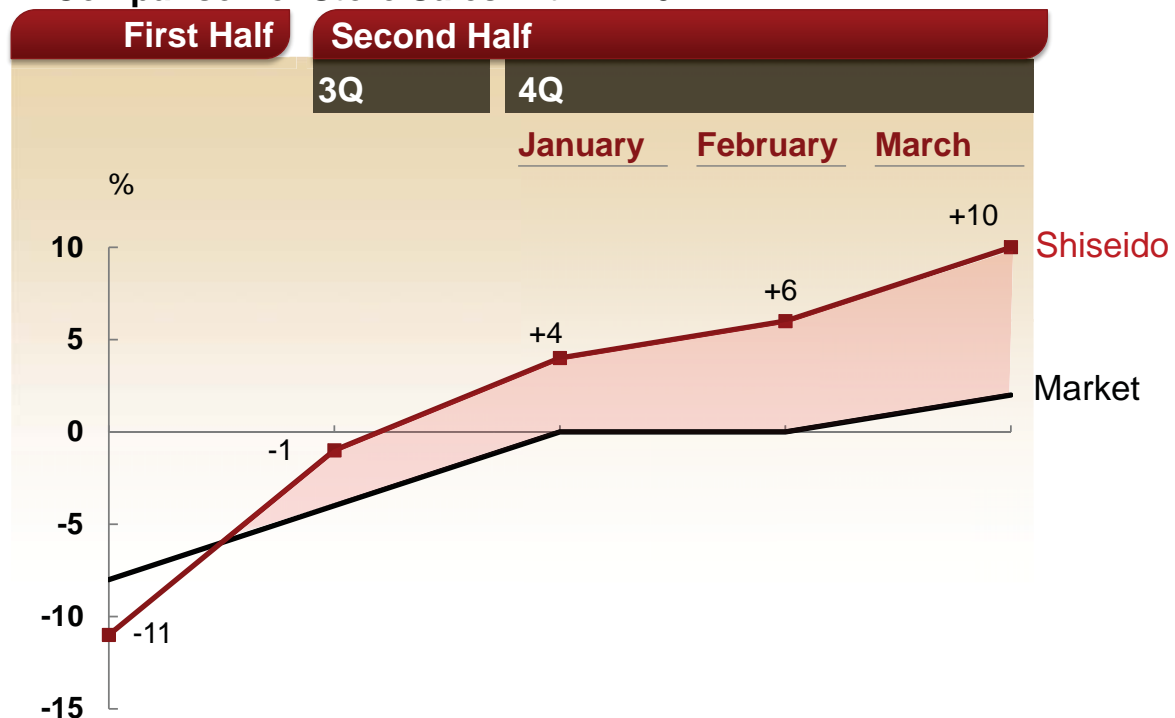
USD 1 = JPY 105.9 (+8.4%); EUR 1 = JPY 140.4 (+8.3%); CNY 1 = JPY 17.2 (+8.1%)

FY2014 Operating Income: Difference from FY2013



The Result is Steady Success

Comparison of Store Sales with FY2012



Overview of VISION 2020

2015-2017
Restructure the
Business
Foundation

2018-2020
New Strategy to
Accelerate
Growth

Our vision toward 2020

Become a company that is filled with energy

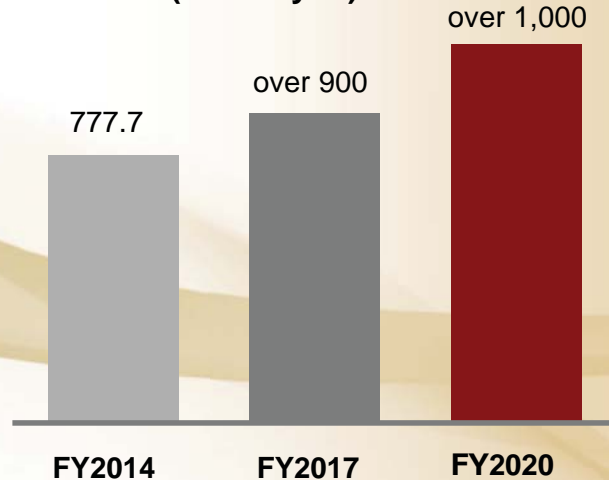
Become a company overflowing with youthful spirit

Become a company that is a topic of conversation around the world

Become a company inspiring to, and admired by, younger generations

Become a company driven forth by diverse cultures

Net Sales (Billion yen)



Key Three-Year Strategies

Build the foundation for top share in Japan

Accelerate global growth

Reengineer the China business

Nurture strong brands

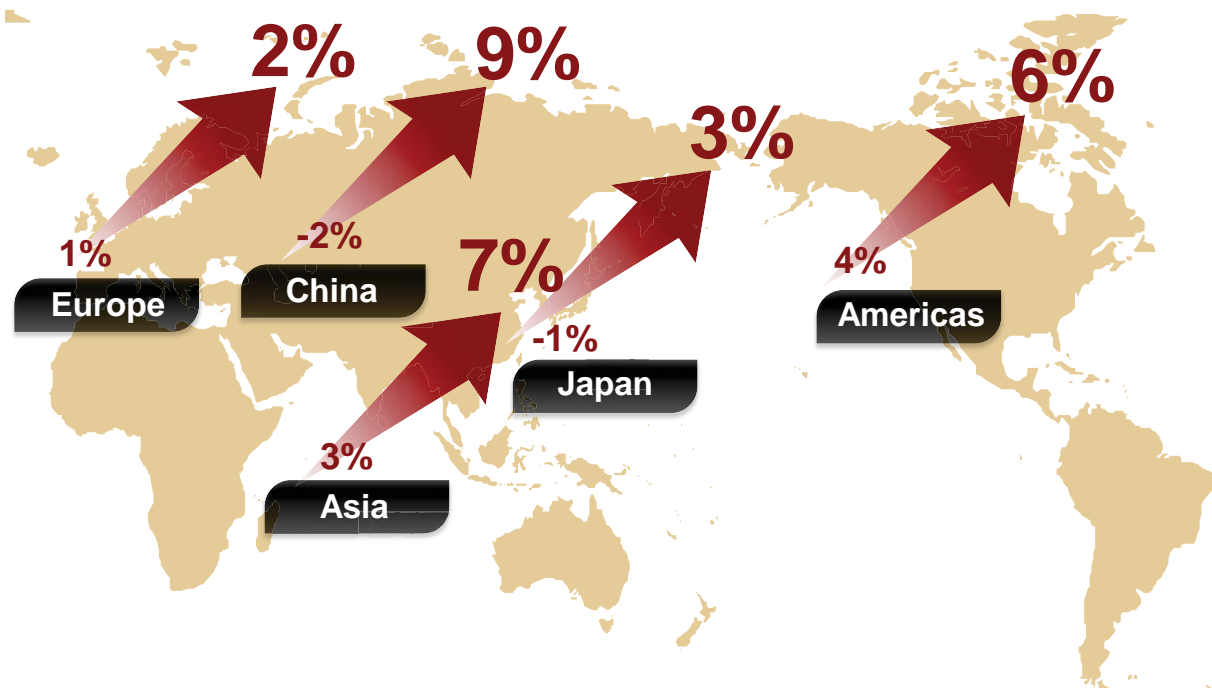
Direct connection between headquarters and the front line

Bold investment in growth areas

Sales Target: Over ¥900 Billion (FY2017)

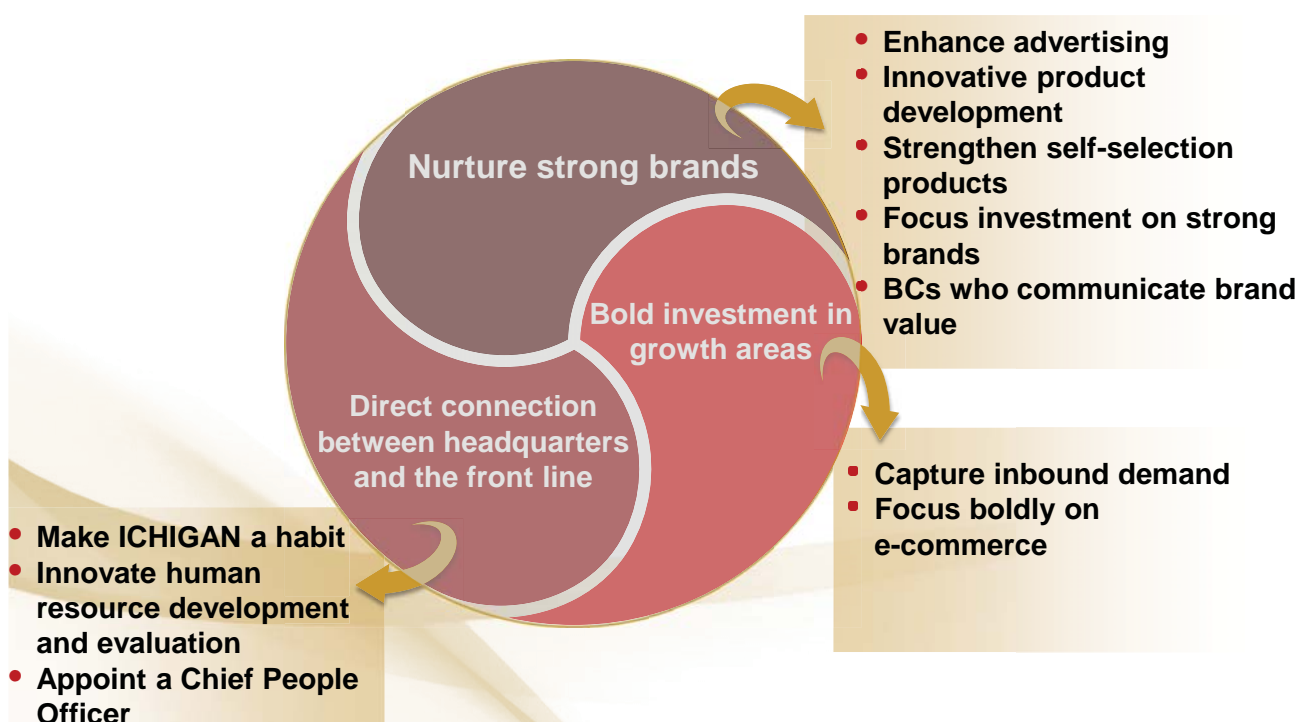
Sales Growth by Region (CAGR for past three years vs. next three years)

Local currency basis



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Build the Foundation for Top Share in Japan



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Capture Inbound Demand



Seek customer insights.

Develop a unique brand portfolio.

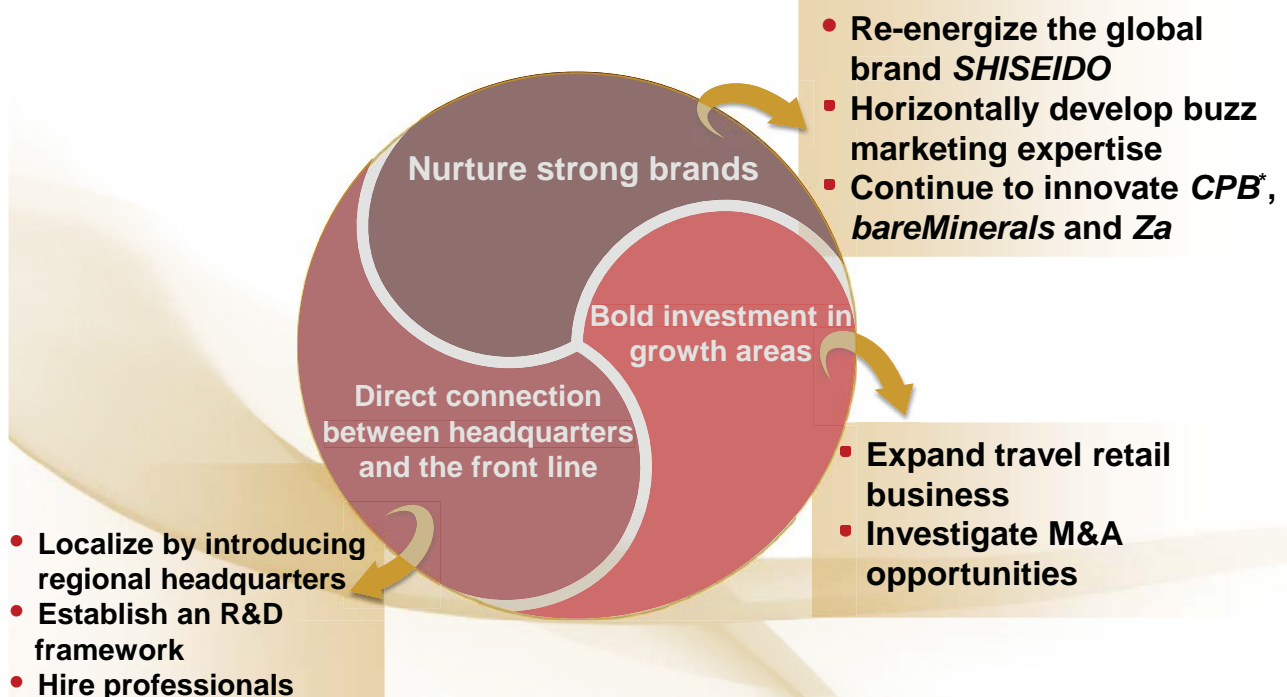
Strengthen store-front operations.

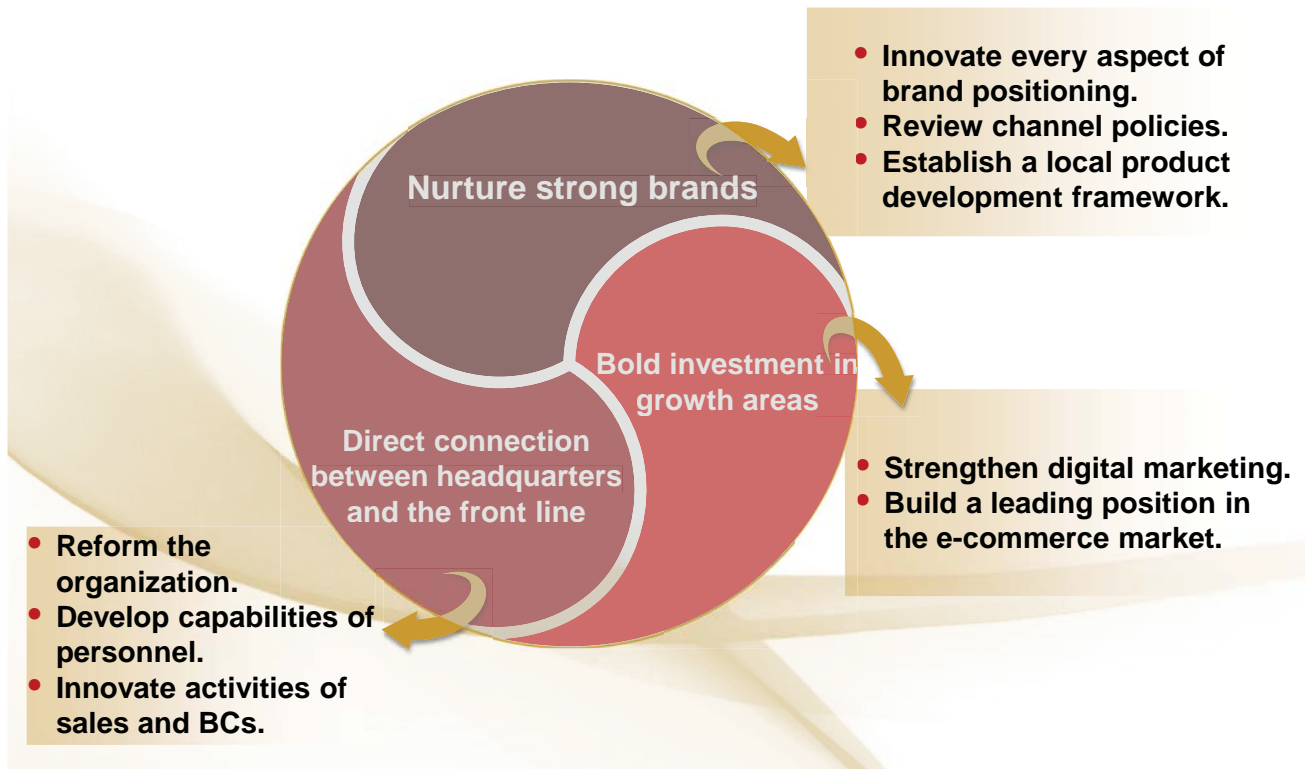
Maintain top market share at four largest airports in Japan.



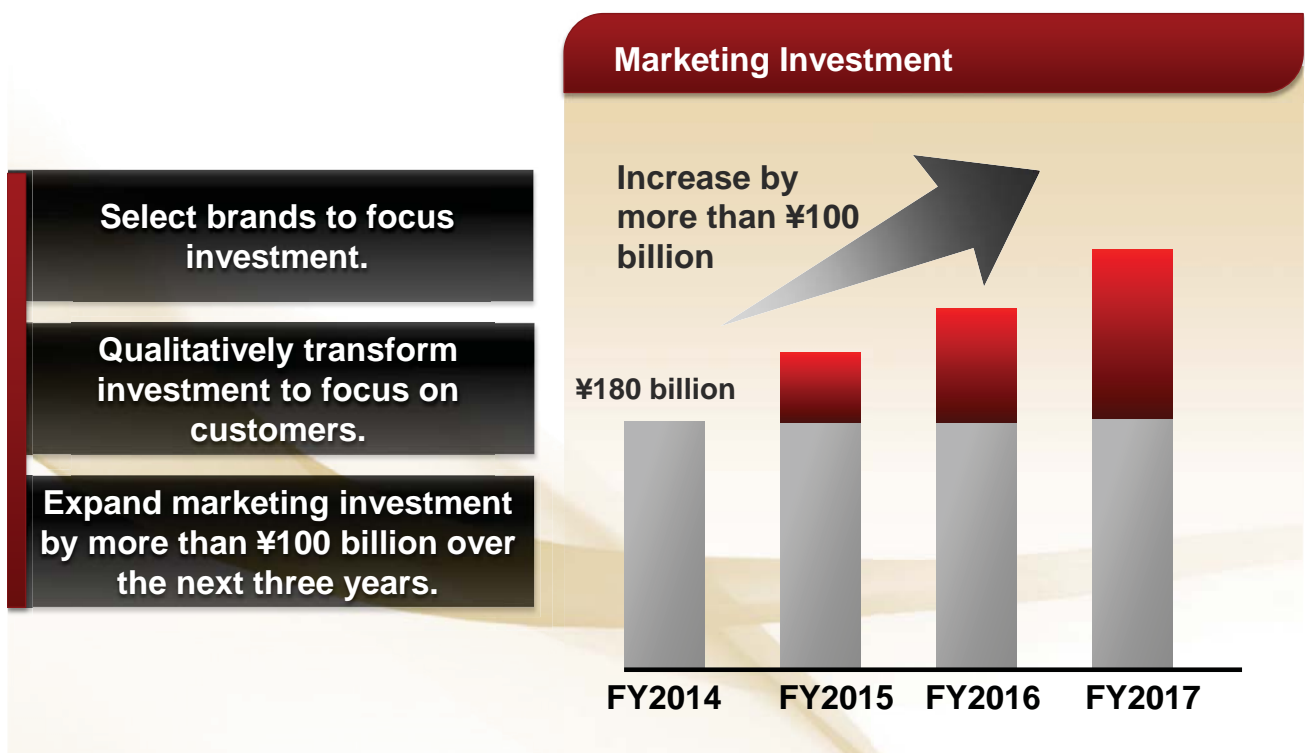
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Accelerate Global Growth





Increase Investment in Customer-Focused Marketing



Increase Investment in Basic and Fundamental R&D

**Establish the Global
Innovation Center.**

**Promote open
innovation.**

**Increase R&D
investment by 40%
by FY2017***



* Compared with FY2014

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Proceed Steadily with Cost Structure Reform

**Thoroughly review for further
improvement at a component level.**



**Work together across the entire
organization to generate ideas.**

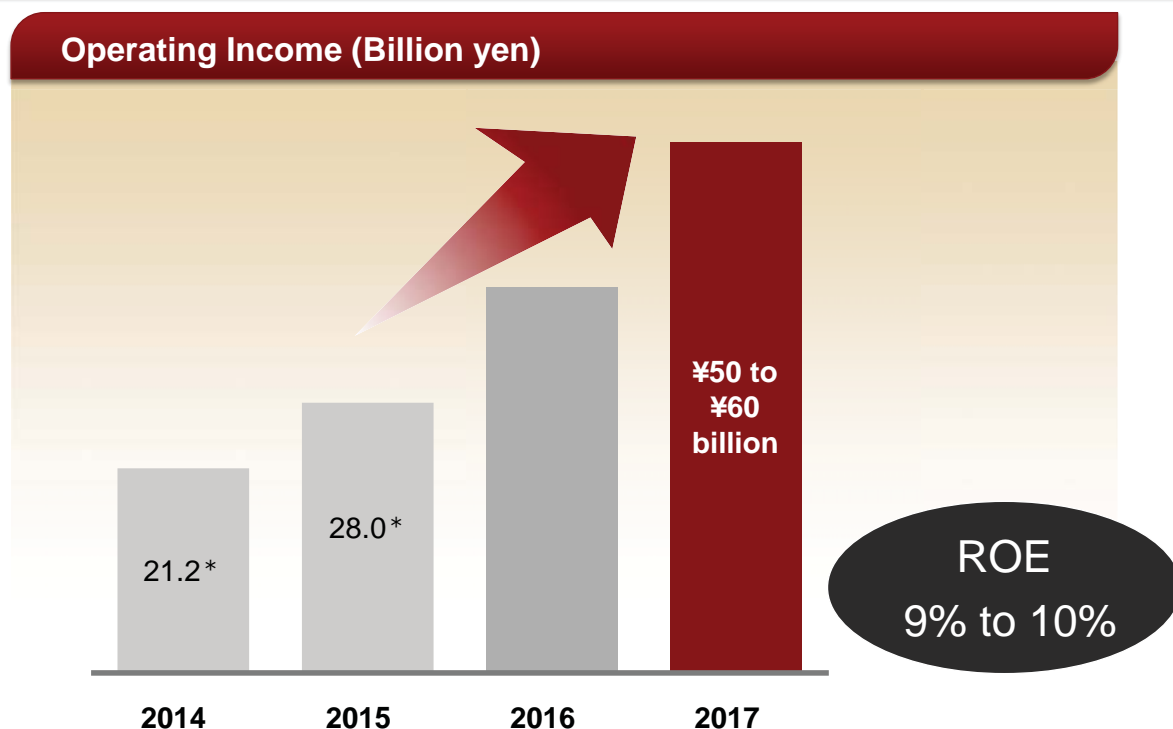


**Reduce costs by
¥30 to ¥40 billion by FY2017**

**Expand
investment
in customer-
focused
marketing
and R&D**

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Operating Income Target: ¥50 to ¥60 billion (FY2017)



*Japan: 9-month fiscal year; overseas: 12-month fiscal year.

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Outlook for FY2015

(Billion yen)	2015/12 Outlook		2015/3 Results* (Adjusted)		YoY Change (Adjusted)	YoY Change(%) (Adjusted)	Change(%) in Local Currency (Adjusted)
		Ratio to net sales		Ratio to net sales			
Net sales	730.0	100%	677.5	100%	+52.5	+8%	+6%
Domestic	285.0	39.0%	265.9	39.2%	+19.1	+7%	+7%
Overseas	445.0	61.0%	411.6	60.8%	+33.4	+8%	+6%
Operating Income	28.0	3.8%	21.2	3.1%	+6.8	+32%	+30%
Ordinary Income	28.0	3.8%	22.8	3.4%	+5.2	+23%	
Extraordinary Income /loss (net)	-2.0	-0.3%	16.3	2.4%	-18.3	—	
Net Income	10.0	1.4%	27.5	4.1%	-17.5	-64%	

- ROE 2.6%
- Exchange rates USD 1 = JPY 115 (+9%); EUR 1 = JPY 130 (-7%), CNY 1 = JPY 18 (+5%)
- Dividends Interim: JPY 10; Year-end: JPY 10; Annual: JPY 20

* FY2015 is an irregular fiscal year. FY2014 has been adjusted accordingly (Japan: 9-month fiscal year, overseas: 12-month fiscal year).

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Supplemental Data 1 Domestic Cosmetics Business Sales and Operating Income

		15/3 Result		14/3 Result		YoY Change	YoY Change %
		(Billion yen)	% of Net Sales		% of Net Sales		
	Counseling	177.2	22.8%	184.5	24.2%	-7.3	-4.0%
	Self-selection	75.7	9.7%	77.0	10.1%	-1.3	-1.7%
	Toiletries	35.3	4.5%	36.7	4.8%	-1.4	-3.9%
	Cosmetics	288.1	37.0%	298.2	39.1%	-10.0	-3.4%
	Healthcare	14.7	1.9%	15.3	2.0%	-0.7	-4.4%
	Others	36.5	4.7%	36.2	4.8%	+0.3	+0.8%
	Domestic Cosmetics	339.3	43.6%	349.7	45.9%	-10.4	-3.0%
		15/3 Result	14/3 Result	YoY Change	YoY Change %		
(Billion yen)							
Operating Income		30.0	39.5	-9.4	-23.9%		
Operating Profitability		8.8%	11.2%	-2.4 pt.			

Supplemental Data 2

Global Business Sales and Operating Income

(Billion yen)	15/3 Result		14/3 Result		YoY Change	YoY Change %	Change in Local Currency
		% of Net Sales		% of Net Sales			
Cosmetics	384.8	49.5%	353.2	46.4%	+31.6	+8.9% [+9.5%]	+0.8% [+1.3%]
Professional	43.1	5.5%	49.0	6.4%	-5.9	-12.1% [+3.6%]	-16.6% [-1.5%]
Global Business	427.9	55.0%	402.2	52.8%	+25.7	+6.4% [+8.9%]	-1.3% [+1.0%]

(Billion yen)	15/3 Result	14/3 Result	YoY Change	YoY Change %
Operating Income before Amortization of Goodwill, etc.	4.6	16.5	-11.8	-71.9%
Operating Income	-4.7	7.7	-12.3	-
Operating Profitability	-1.1%	1.9%	-3.0 pt.	

Note: Percentages in [] are calculated by excluding the negative effect of the transfer of *DECLÉOR* and *CARITA*.

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Supplemental Data 3

Sales by Geographic Segment

(Billion yen)	15/3 Result		14/3 Result		YoY Change	YoY Change %	Change in Local Currency
		% of Net Sales		% of Net Sales			
Japan	365.6	47.0%	377.3	49.5%	-11.7	-3.1%	-3.2%
Americas	133.1	17.1%	118.7	15.6%	+14.4	+12.1%	+3.5%
Europe	108.9	14.0%	102.1	13.4%	+6.8	+6.7%	-1.4%
Asia/Oceania	170.0	21.9%	164.0	21.5%	+6.1	+3.7%	-3.7%
China	114.8	14.8%	111.5	14.6%	+3.3	+2.9%	-4.8%
Asia (excl. China)	55.3	7.1%	52.5	6.9%	+2.8	+5.4%	-1.4%
Overseas	412.1	53.0%	384.8	50.5%	+27.3	+7.1%	-0.9%
Total	777.7	100%	762.0	100%	+15.6	+2.1%	-2.0%

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Supplemental Data 4

Cost of Sales/SG&A

(Billion yen)	15/3 Result			YoY Change +: cost cuts	YoY Change %	Impact of Foreign Currency Exchange	YoY Change Excl. Impact of Foreign Currency Exchange +: cost cuts
		% of Net Sales	% Pt. Change +: decrease				
Cost of Sales	196.4	25.2%	-0.3 pt.	-6.9	+3.6%	-8.5	+1.6
SG&A	553.6	71.2%	-2.6 pt.	-30.8	+5.9%	-21.1	-9.7
(Domestic) (Overseas)	273.3	75.0%	-2.0 pt.	+0.8	-0.3%	-	+0.8
	280.3	67.9%	-3.5 pt.	-31.6	+12.7%	-21.1	-10.5
Marketing Costs	182.2	23.4%	-1.2 pt.	-12.8	+7.6%	-7.6	-5.2
Personnel Expenses	190.6	24.5%	-0.6 pt.	-8.8	+4.8%	-6.3	-2.5
Other Expenses	171.4	22.1%	-0.8 pt.	-8.7	+5.4%	-6.5	-2.2
M&A-Related Amortization Expenses	9.5	1.2%	-0.0 pt.	-0.5	+5.6%	-0.7	+0.2

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Supplemental Data 5

Capital Expenditures, Depreciation Expenses, etc.

(Billion yen)	15/3 Result	14/3 Result	YoY Change	YoY Change %	15/12 Estimate	YoY Change ²	YoY Change % ²
Investment in Plant and Equipment, etc. ^{*1}	30.6	29.6	+1.0	+3%	35.2	+4.6	+15%
Property, Plant and Equipment	18.1	19.4	-1.2	-6%	20.1	+2.0	+11%
Intangible Assets, etc.	12.5	10.3	+2.2	+22%	15.1	+2.6	+21%
Depreciation Amortization	33.4	33.6	-0.3	-1%	33.4	+0.1	+0%
Property, Plant and Equipment	17.6	18.3	-0.7	-4%	18.0	+0.4	+2%
Intangible Assets, etc.	15.8	15.3	+0.5	+3%	15.4	-0.4	-2%
R&D Expenses	14.2	13.5	+0.7	+5%	12.1	-2.1	-15%
Advertising Expenses	53.2	49.2	+4.0	+8%	53.4	+0.2	+0%

*1. Investments in capital expenditures; property, plant and equipment; intangible fixed assets (excluding goodwill); and long-term prepaid expenses

*2. 15/12 estimates are for the nine months for Japan and 12 months for overseas. YoY changes are calculated using unadjusted full year results for 15/3.

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Supplemental Data 6

Changes as of FY2015

- Change to a uniform accounting period for the parent company and subsidiaries in Japan and overseas
 - Change of fiscal year-end from March to December from FY2015. Accordingly, FY2015 will be April 2015 to December 2015 for Shiseido Company, Limited and its subsidiaries with a March 31 year-end, and January 2015 to December 2015 for its subsidiaries with a December 31 year-end.
 - Dividend record dates for FY2015 will be September 30 for the interim dividend and December 31 for the year-end dividend.
- Change in reportable segments
 - To prepare for its new organization structure from FY2016, Shiseido will revise its method for classifying some business segments in FY 2015. The Company plans to change reportable segments Domestic Cosmetics Business and Global Business to Japan Business and Global Business. With this change, some subsidiaries formerly included in Domestic Cosmetics Business will be included in Global Business or Others.
- Change in SG&A categories
 - Sales counter amortization expenses will move from Other Expenses to Marketing Costs. Also, cost of BCs previously hired by distributors and retailers will move from Other Expenses to Personnel Expenses.



In this document, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause actual results and achievements to differ from those anticipated in these statements.